This paper presents long-term trade scenarios for the world economy up to 2060 based on a modelling approach that combines aggregate growth projections for the world with a detailed computable general equilibrium sectoral trade model. The analysis suggests that over the next 50 years, the geographical centre of trade will continue to shift from OECD to non-OECD regions reflecting faster growth in non-OECD countries. The relative importance of different regions in specific export markets is set to change markedly over the next half century with emerging economies gaining export shares in manufacturing and services.

Trade liberalisation, including gradual removal of tariffs, regulatory barriers in services and agricultural support, as well as a reduction in transaction costs on goods, could increase global trade and GDP over the next 50 years. Specific scenarios of regional liberalisation among a core group of OECD countries or partial multilateral liberalisation could, respectively, raise trade by 4% and 15% and GDP by 0.6% and 2.8% by 2060 relative to the status quo.

Finally, the model highlights that investment in education has an influence on trade and high-skill specialisation patterns over the coming decades. Slower educational upgrading in key emerging economies than expected in the baseline scenario could reduce world exports by 2% by 2060. Lower up-skilling in emerging economies would also slow-down the restructuring towards higher value-added activities in these emerging economies.

Complete Document: http://goo.gl/LsqLBs

Source: OECD